

DATE: June 7, 2000
TO: Equalization Directors
FROM: Dennis W. Platte
Executive Secretary
State Tax Commission
RE: ROUNDING DOWN OF TAX RATES

On August 2, 1999, the State Tax Commission issued Bulletin 11 of 1999 which discussed Public Act (PA) 38 of 199 which requires the rounding down of tax rates.

Several questions have arisen because of the fact that PA38 took effect on August 1, 1999, after the 1999 Summer Tax Bills went out.

The following are 3 specific situations which have caused questions. The advice of the Commission is offered for each of these situations.

1) SITUATION NUMBER 1: A Taxing Jurisdiction Which Levies 100% in the Summer

The rate in column 7 of the 1999 L-4029 should have been rounded in the CONVENTIONAL MANNER since this levy occurred prior to the effective date of PA38 of 1999. The effective date of PA38 of 1999 was August 1, 1999.

The Column 7 rate from the 1999 L-4029 should be carried to Column 5 of the 2000 L-4029.

2) SITUATION NUMBER 2: Taxing Jurisdiction Which Levies 1/2 in the Summer and 1/2 in the Winter

The rate levied in the Summer of 1999 would have been 1/2 of the total rate rounded in the CONVENTIONAL MANNER. This is true because this rounding would have occurred prior to the effective date of PA38 of 1999.

Since there was also a Winter levy in 1999, the total rate should have been ROUNDED DOWN for the Winter calculation and the rate levied in the Summer should have been deducted from the ROUNDED DOWN rate to get the Winter rate. This would have caused a lower rate to be levied in the Winter versus the Summer in 1999.

The 1999 ROUNDED DOWN total rate should be carried to Column 5 of the 2000 L-4029, regardless of whether the procedure outlined above was followed in 1999.

3) SITUATION NUMBER 3: Taxing Jurisdiction Which Levies 100% in the Summer in Some Areas and 100% in the Winter in Some Other Areas

Sometimes, for example, an Intermediate School District levies 100% of its tax in the Summer in one county and 100% of its tax in the Winter in another county.

The rate in Column 7 of the 1999 L-4029 for the county in which the tax was levied in the Summer of 1999 should have been rounded in the CONVENTIONAL MANNER since the levy occurred prior to the effective date of PA38 of 1999.

The Tax Commission recommends that the rate in Column 7 of the 1999 L-4029 for the county in which the total tax was levied in the Winter of 1999 should also have been rounded in the CONVENTIONAL MANNER even though the levy occurred after the effective date of PA338 of

1999. This recommendation is made because of the uniformity requirement of Article (, Section 3 of the State Constitution.

The Column 7 rate from the 1999 L-4029, as rounded in the CONVENTIONAL MANNER, should be carried to Column 5 of the 2000 L-4029.

If the rate was not rounded as recommended above in 1999, the rate should be corrected prior to entering on Column 5 of the 2000 L-4029.

Please forward this information to taxing jurisdictions in your county where it is needed. Thank you for your assistance.

DWP/ej

Attachments